ORIGINAL



WATCO

P.O. BOX 1270 SHOW LOW, AZ 85902/PHONE 928-537-8739/FAX 928-537-8739

06

October 6, 2006

Dock. #W-01979A-05-0645 Decision # 68657

OCT 1 3 2006

AND SHOULD BE STATE

Mr. Brian Bozzo,

Decision # 68657 was made in conjunction with a CC&N Extension applied for, and granted, earlier this year. The area is currently being deleted from Watco, Inc.'s Certificated area since the Company and Developer(s) have been unable to arrive at a resolution pertaining to the Main Extension Agreement and the Terms and Conditions of Inspection. The Finance Application has been filed and assigned Docket No. W-01979A-06-0357. Developer's Letter of Adequate Water Supply is included in this letter; if further action is needed I may be contacted by any means mentioned in the header of this letter.

I would like to take a moment to express my gratitude and appreciation for your letter. Your proactive stance in alerting us of upcoming compliance issues simplifies business operations and allows us to avoid the stress and confusion associated with past experiences while dealing with ACC. It was excellent to receive you letter and avoid the reactive/defensive stance that we are generally required to take. Once again, thank you.

Anzona Corporation Commission

DOCKETED

APR 3 0 2012

Thomas Grapp

Thomas Grapp

Sincerely,

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ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

3550 North Central Avenue, Phoenix, Arizona 85012 Telephone 602 771-8500 Fax 602 771-8689

May 25, 2006



Janet Napolitano Governor

Herbert R. Guenther Director

Mr. Roy Tanney Arizona Department of Real Estate 2910 N. 44th Street Phoenix, Arizona 85018

Water Adequacy Report #22-402027.0000 Subdivision Name: Canyon Vista Estates Owner: Canyon Vista Properties, LLC

Number of lots: 56 County: Navajo

Township-12 N Range 22 E Section 31

Water provided by: WATCO Water Type: Groundwater Current water depth: 83 - 232 Estimated 100-year depth: 85 - 234

Current decline rate: 0.0

Basin: Little Colorado River Plateau

Dear Mr. Tanney:

Pursuant to A.R.S. § 45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above-referenced subdivision. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the 100-year water supply was reviewed by the Department with regard to physical, legal and continuous availability, and to determine if the water supply is of adequate quality. Information available to the Department indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-715 et seq. Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any change to the subdivision or its water supply plans may invalidate this decision.

This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Navajo County Recorder is being officially notified of the developer's compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that your office include the following statement in all promotional material and contracts for sale of lots in the subdivision:

"Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-715 et seq., the Department has determined that the water supply for the Canyon Vista Estates subdivision is adequate, i.e. that the water supply is physically, continuously and legally available to satisfy the applicant's 100-year projected water demand, and that the water supply is of suitable water quality. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time."

If you have any questions, please contact Carol E. Norton at (602 771-8500.

Sincerely

FP/AD/ef 700332 Frank Putman Assistant Director

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cc: Navajo County Planning and Zoning

Navajo County Recorder

Dylan J. Easthouse, Southwest Ground Water Consultants, Inc.

Alan R. Dulaney, ADWR

Celebrating 25 Years